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SUBJECT: ATOMSTROYEXPORT TO BUILD NUCLEAR PLANTS IN BULGARIA

¶1. (SBU) Summary: AtomStroyExport will sign a six billion dollar contract to construct two third-generation nuclear reactors in Bulgaria. The signing will take place on January 18 during President Putin's visit to Bulgaria. As part of a joint venture with Areva and Siemens, AtomStroyExport will be the prime contractor for the reactors. Rosatom Director Kiriyyenko has lauded the contract as signifying Russia's entry into the EU market for nuclear power plant construction. End Summary.

¶2. (SBU) Background: The Soviet Union began construction of the Belene nuclear power plant in 1987. At the request of the Bulgarian government, work ceased in 1991. In November 2006, Bulgaria and Russia signed a Letter of Intent to resume construction. The EU did not agree to the project until late ¶2007.

¶3. (SBU) Alexey Ubeev, Deputy Director of External Relations of AtomStroyExport (ASE) confirmed to us January 16 that ASE would sign a six billion dollar contract to build two third-generation nuclear reactors at the Belene site. The signing will take place on January 18 during President Putin's 2-day state visit. While he would not elaborate on the details of the contract, Ubeev did say that ASE would be the primary contractor and that Areva and Siemens would be the European partners. Russia will provide and install the reactor vessels and the turbines, with all of their associated hardware. As part of the joint venture, Areva (France) and Siemens (Germany) will design, provide and install digital instrumentation and control systems, electrical equipment and some safety systems for the project. Ubeev told us that all the work completed before the 1991 construction halt would have to be removed to bring the plant up to contemporary standards. This conforms with a recent statement by Rosatom Director Kiriyyenko that the design of any nuclear power plants built in the EU would be in full compliance with EU safety standards.

¶4. (SBU) Ubeev indicated that once the contract is signed, construction should begin later in 2008. The goal is to have both reactors operational by 2014. He mentioned that Kiriyyenko had praised the contract as representing Russia's entry into the EU market for nuclear power plant construction. BURNS